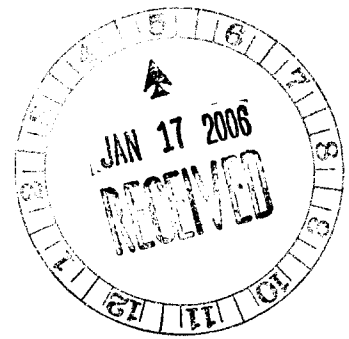


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William A. Mullins

Direct Dial: (202) 663-7823
E-Mail: wmullins@bakerandmilller.com

January 17, 2006

VIA HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

ENTERED
Office of Proceedings

JAN 17 2006

Part of
Public Record

Re: Finance Docket No. 34822
*Kansas City Southern, The Kansas City Southern Railway Company, and
Meridian Speedway, LLC – Exemption For Transactions Within A Corporate
Family*

Finance Docket No. 34823 *215587*
*The Kansas City Southern Railway Company – Trackage Rights Exemption –
Meridian Speedway, LLC*

Dear Secretary Williams:

Enclosed on behalf of Kansas City Southern ("KCS"), The Kansas City Southern Railway Company ("KCSR"), and Meridian Speedway, LLC ("MSLLC") are an original and eleven copies of a Notice of Exemption filed in Finance Docket No. 34822 under 49 CFR 1180.2(d)(3) for an exemption from the prior approval and authorization requirements of the Surface Transportation Board ("STB" or "Board") of a transaction within a corporate family. Also enclosed are an original and eleven copies of a Notice of Exemption filed in Finance Docket No. 34823 under 49 CFR 1180.2(d)(7) for KCSR to acquire local and overhead trackage rights over the line to be acquired by MSLLC as part of the above corporate family transaction. Two checks in the amount of \$1,000 each are enclosed to cover the filing fees for each of the Notices. Finally, in addition to the two Notices, an original and eleven copies of a Motion for Protective Order is also enclosed.

The two Notices and the Motion all relate to the transactions announced on December 2, 2005 whereby KCS and Norfolk Southern Corporation ("NSC") entered into a series of

Honorable Vernon A. Williams

January 17, 2006

Page 2

agreements that will increase capacity over the section of the Meridian Speedway between Meridian, MS and Shreveport, LA (the "Line"). The Meridian Speedway is one of many rail routes moving traffic between the Southeast and Southwest of the United States. In recent years, it has become capacity constrained and is in need of a substantial capital infusion to increase capacity; capital that KCS does not currently have available, but NSC does. As a result, in exchange for the right to move certain transcontinental and Southeast-Southwest intermodal container traffic over the Line, NSC has agreed to invest \$300 million in cash in the Line so as to provide the necessary capital to increase capacity. The increased capacity will provide both railroads with the ability to handle greater volumes for their customers, especially for intermodal customers moving traffic both transcontinentally and between the Southeast and Southwest regions. The end result should be enhanced competition with other transcontinental routes as well as other modes, improved safety, and potential job growth opportunities.

Specifically, Finance Docket No. 34822 seeks a corporate family exemption for MSLLC, a newly created and wholly owned subsidiary of KCS, to acquire the Line from KCSR, for KCS's continuance in control of MSLLC when it becomes a carrier upon acquiring the Line from KCSR, and for the subsequent grant back of operating rights by MSLLC to KCSR to allow KCSR to operate as MSLLC's contract operator in fulfilling MSLLC's contractual and common carrier obligations over the Line. Finance Docket No. 34823 seeks an exemption for KCSR to acquire local and overhead trackage rights over the entirety of the MSLLC Line so as to preserve KCSR's current operating rights over the line. Concurrent with the filing of these two Notices, Norfolk Southern Railway Company has filed a Notice of Exemption in Finance Docket No. 34821 seeking an exemption under 49 U.S.C. § 10502 and 49 CFR 1180.2(d)(7) for the acquisition of trackage rights over the Line.

Please acknowledge filing of these Notices and the Motion by date stamping the extra copy of each Notice and the Motion and returning those copies to the courier for return to my offices. If there are any questions concerning this filing, please contact me by telephone at (202) 663-7823 or by e-mail at wmullins@bakerandmiller.com.

Sincerely,



William A. Mullins

Enclosures

cc: Chairman Buttrey
Vice Chairman Mulvey

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34823

215587

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
--TRACKAGE RIGHTS EXEMPTION--
MERIDIAN SPEEDWAY, LLC

VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1180.2(d)(7)

ENTERED
Office of Proceedings

JAN 18 2006

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Public Record

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JAN 18 2006

TRANSPORTATION BOARD



RECEIVED

TRANSPORTATION BOARD

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Thomas J. Healey
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Attorneys For The Kansas City Southern Railway
Company and Meridian Speedway, LLC

January 17, 2006

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 34823

**THE KANSAS CITY SOUTHERN RAILWAY COMPANY
--TRACKAGE RIGHTS EXEMPTION--
MERIDIAN SPEEDWAY, LLC**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1180.2(d)(7)**

The Kansas City Southern Railway Company ("KCSR") hereby submits this Verified Notice of Exemption pursuant to 49 C.F.R. § 1180.2(d)(7) for exemption of local and overhead trackage rights to permit KCSR to operate over a rail line to be owned by Meridian Speedway, LLC ("MSLLC") located in Mississippi and Louisiana, totaling approximately 320 miles in length.¹

In support of this Verified Notice of Exemption, KCSR submits the following information as required by 49 C.F.R. § 1180.4(g):

**SECTION 1180.6(a)(1)(i)
DESCRIPTION OF THE PROPOSED TRANSACTION**

Pursuant to a written agreement executed by KCSR and MSLLC (attached hereto as Exhibit 2), KCSR proposes to acquire local and overhead trackage rights over MSLLC's line of railroad between Milepost 0.0 at Meridian, MS and Milepost 95.26 in Jackson, MS, and between

¹ MSLLC will acquire ownership of the rail line that is the subject of this Notice in Finance Docket No. 34822, *Kansas City Southern, The Kansas City Southern Railway Company, and Meridian Speedway, LLC – Exemption For Transactions Within A Corporate Family*, which is being concurrently filed with this Notice.

Milepost 95.7 in Jackson, MS and Milepost V-169.85 in Shreveport, LA, a total distance of approximately 320 miles (and referred to herein as "the Line").

KCSR is a Missouri corporation whose full name and address are:

The Kansas City Southern Railway Company
P.O. Box 219335
Kansas City, MO 64121-9335

Any questions concerning this Verified Notice of Exemption should be sent to KCSR's representatives at the following address:

Robert B. Terry
Thomas J. Healey
The Kansas City Southern Railway Company
P.O. Box 219335
Kansas City, MO 64121-9335
(816) 983-1370

William A. Mullins
David C. Reeves
Baker & Miller PLLC
2401 Pennsylvania Avenue, N.W.
Suite 300
Washington, DC 20037
(202) 663-7820

SECTION 1180.6(A)(1)(ii)
PROPOSED TIME SCHEDULE FOR CONSUMMATION

KCSR intends to consummate this transaction no sooner than January 24, 2006, or when the intra-corporate family transaction contemplated by the Notice of Exemption filed in Finance Docket No. 34822 is consummated, whichever is later.

SECTION 1180.6(a)(1)(iii)
PURPOSE SOUGHT TO BE ACCOMPLISHED

The trackage rights that are the subject of this Notice will allow KCSR to continue to provide local rail service to shippers located on the Line once ownership of the Line is transferred from KCSR to MSLLC. In addition, the trackage rights will allow KCSR to transport goods to and from shippers and other rail carriers between Shreveport, LA and Meridian, MS.

SECTION 1180.6(a)(5)
STATES IN WHICH APPLICANT'S PROPERTY IS LOCATED

KCSR operates as a common carrier by railroad in ten states: Alabama, Arkansas, Illinois, Kansas, Louisiana, Mississippi, Missouri, Oklahoma, Tennessee, and Texas.

SECTION 1180.6(a)(6)
MAP – EXHIBIT “1”

A map of the Line over which KCSR proposes to acquire trackage rights is attached hereto as Exhibit 1.

SECTION 1180.(A)(7)(ii)
AGREEMENT – EXHIBIT “2”

A copy of the agreement under which KCSR will acquire trackage rights on the Line (redacting confidential business terms) is attached hereto as Exhibit 2. Concurrent with this Notice, KCSR has filed a Motion for Protective Order relating to the terms of the trackage rights agreement between KCSR and MSLLC. An unredacted Highly Confidential version of Exhibit 2 has been filed under seal subject to the request for the Protective Order.

SECTION 1180.4(g)(1)(i)
LABOR PROTECTIVE CONDITIONS

KCSR does not anticipate any adverse labor impacts as a result of this transaction. Nonetheless, as a condition of this exemption, KCSR agrees to the imposition of the employee

protective conditions established in Norfolk and Western Ry. Co. – Trackage Rights – Burlington Northern, Inc., 354 I.C.C. 605 (1978), as modified in Mendocino Coast Ry. Inc. – Lease and Operate, 360 I.C.C. 653 (1980).

SECTION 1180.4(g)(2)(i)
CAPTION SUMMARY


Caption summary of this transaction suitable for publication in the Federal Register is attached hereto as Exhibit 3.

SECTION 1180.4(g)(3)
ENVIRONMENTAL AND HISTORIC PRESERVATION MATTERS

Under 49 C.F.R. § 1105.6(c)(4), the proposed acquisition of trackage rights is exempt from environmental reporting requirements. Under 49 C.F.R. § 1105.8(b)(3), the proposed acquisition of trackage rights also is exempt from historic preservation reporting requirements. However, certain elements of the transactions contemplated by the Notice of Exemption filed simultaneously herewith by KCS, KCSR, and MSLLC in Finance Docket No. 34822 may be subject to review by the Board's Section of Environmental Analysis ("SEA").

Respectfully submitted this 17th day of January, 2006,

Robert B. Terry
Thomas J. Healey
KANSAS CITY SOUTHERN
427 West 12th Street
Kansas City, MO 64105
Tel: (816) 983-1370
Fax: (816) 983-1227


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Attorneys For The Kansas City Southern
Railway Company and Meridian Speedway,
LLC

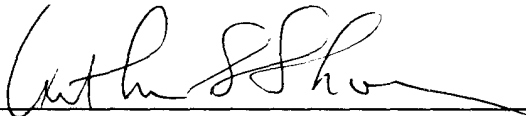
VERIFICATION

STATE OF MISSOURI

COUNTY OF JACKSON

)
) ss.
)

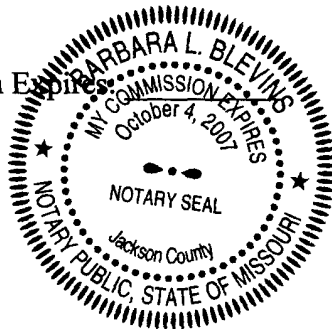
I, Arthur L. Shoener, being duly sworn, depose and state that I am the President and Chief Executive Officer of The Kansas City Southern Railway Company, that I am authorized to make this verification, that I have read the foregoing "Verified Notice of Exemption Pursuant to 49 C.F.R. § 1180.2(d)(7)", and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.



Arthur L. Shoener

SUBSCRIBED AND SWORN TO before me this 13 day of January, 2006, in the County of Jackson, State of Missouri.

My Commission Expires





Notary Public

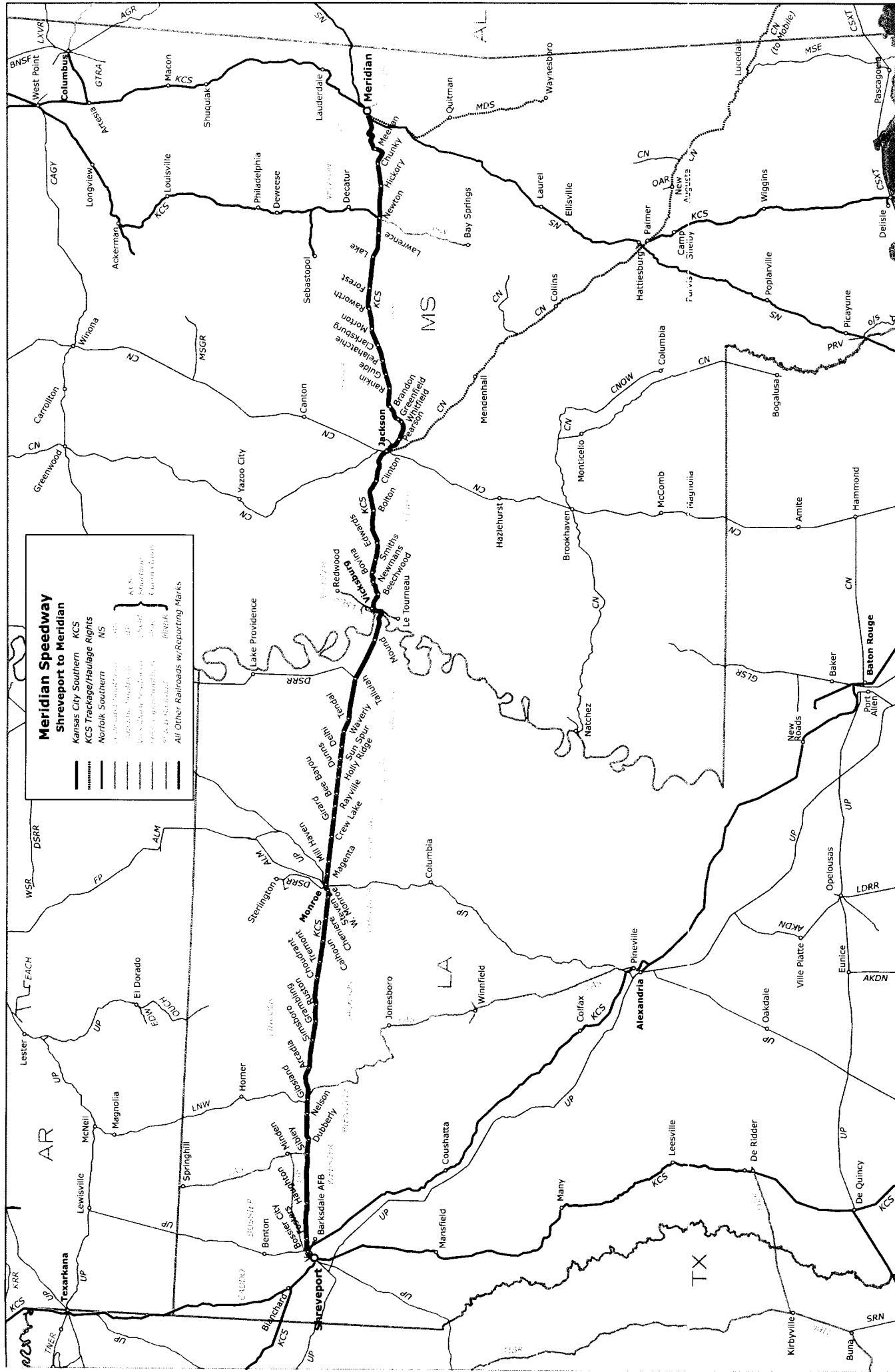
**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 34823

**THE KANSAS CITY SOUTHERN RAILWAY COMPANY
--TRACKAGE RIGHTS EXEMPTION--
MERIDIAN SPEEDWAY, LLC**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1180.2(d)(7)**

**SECTION 1180.6(a)(6)
MAP – EXHIBIT 1**



Meridian Speedway

Shreveport to Meridian

Kansas City Southern KCS

KCS Trackage/Haulage Rights

Norfolk Southern NS

Mississippi Gulf Coast Railroad MSGR

Arkansas Eastern Railroad AER

Arkansas Valley Railroad AVR

Arkansas Valley Railroad AVR

Arkansas Valley Railroad AVR

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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 34823

**THE KANSAS CITY SOUTHERN RAILWAY COMPANY
--TRACKAGE RIGHTS EXEMPTION--
MERIDIAN SPEEDWAY, LLC**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1180.2(d)(7)**

**SECTION 1180.(A)(7)(ii)
AGREEMENT – EXHIBIT 2**

PUBLIC VERSION

**THE KANSAS CITY SOUTHERN RAILWAY COMPANY – MERIDIAN SPEEDWAY
LLC -- JOINT USE AGREEMENT**

THIS AGREEMENT (the "KCSR Joint Use Agreement" or "Agreement") is entered into as of this ____ day of _____, 200__, by and between KANSAS CITY SOUTHERN ("KCS") AND THE KANSAS CITY SOUTHERN RAILWAY COMPANY, ("KCSR"), MERIDIAN SPEEDWAY LLC, a Delaware limited liability company ("MSLLC"), and NORFOLK SOUTHERN RAILWAY COMPANY, a Virginia corporation ("NSR"). NSR, MSLLC, and KCSR are referred to individually herein as a "Party" and collectively as the "Parties".

RECITALS:

WHEREAS, on December 1, 2005, KCS, KCSR, The Alabama Great Southern Railroad Company and Norfolk Southern Corporation ("NSC") entered into a transaction agreement (the "Transaction Agreement") that, among other things, provided for the creation of MSLLC, the transfer from KCSR to MSLLC of the Subject Trackage as defined herein, the construction, at MSLLC's cost, of certain infrastructure improvement projects, and the grant by MSLLC to Norfolk Southern Railway Company and KCSR of certain rights over the entirety of the Subject Trackage; and

WHEREAS, pursuant to the Transaction Agreement, MSLLC has agreed to grant NSR certain trackage and haulage rights for NSR to transport NS Traffic over the Subject Trackage; and

WHEREAS, pursuant to the Transaction Agreement, MSLLC has agreed to grant KCSR local and overhead trackage rights as necessary for KCSR to continue to conduct railroad operations over the Subject Trackage and to fulfill its common carrier obligations with respect to all traffic except for the right to transport NS Traffic and Third Party Traffic over the Subject Trackage ("KCS Trackage Rights"); and

WHEREAS, the Transaction Agreement anticipates that, pursuant to an Operating Agreement, MSLLC will hire KCSR to perform as the designated operator ("Designated Operator") for all railroad operations on behalf of MSLLC, including MSLLC railway operations required pursuant to the KCSR Joint Use Agreement and the NSR Joint Use Agreement, and

WHEREAS, the route traversed by traffic moving pursuant to this Joint Use Agreement includes approximately four-tenths of a mile section of track in Jackson, Mississippi that is controlled by Canadian National (as successor to Illinois Central Gulf Railroad Company) (the "Jackson Trackage Rights Section") pursuant to that certain trackage rights agreement (the "MSR Trackage Rights Agreement"), as supplemented and amended from time to time, dated March 26, 1986, between Midsouth Rail Corporation and Illinois Central Gulf Railroad Company; and

WHEREAS, pursuant to the Transaction Agreement, KCSR shall provide haulage ("KCSR Haulage") for NSR over the Jackson Trackage Rights Section until either the MSR Trackage Rights Agreement is assigned to MSLLC or MSLLC constructs a "flyover" bridge to

REDACTED

carry MSLLC tracks over the tracks and real property of Canadian National Railway Company at Jackson, MS which establishes a continuous line of rail between Shreveport and Meridian (the "Jackson Flyover"); and

WHEREAS, the Parties intend that the MSR Trackage Rights Agreement will be assigned to MSLLC and the Parties desire to set forth the terms and conditions upon which MSLLC shall provide haulage services to KCSR and NSR over the Jackson Trackage Rights Section in the event of such assignment; and

WHEREAS, pursuant to an agreement of even date herewith between KCSR and MSLLC (the "Master KCSR-MSLLC Interchange Agreement"), MSLLC and KCSR have documented, among other things, the method for the physical interchange of traffic between KCSR and MSLLC at points on the Subject Trackage; and

WHEREAS, pursuant to the Transaction Agreement, that certain Interchange Agreement between KCSR and NSR dated as of June 4, 1986, as supplemented as of January 24, 2003, (the "Meridian Interchange Agreement") has been assigned to MSLLC; and

WHEREAS, the Parties desire to set forth the terms and conditions upon which MSLLC has agreed to grant KCSR its KCSR Trackage Rights;

NOW, THEREFORE, the Parties hereto, intending to be legally bound, agree as follows:

SECTION 1. DEFINITIONS AND INTERPRETATION

(a) Interpretation Generally.

(i) Unless otherwise defined herein, all words, terms and phrases used in this Agreement shall be construed in accordance with the generally applicable definition or meaning of such words, terms and phrases in the railroad industry.

(ii) Each definition in this Agreement includes the singular and the plural, and references in this Agreement to the neuter gender include the masculine and feminine where appropriate. References herein to any agreement or contract mean such agreement or contract as amended. As used in this Agreement, the word "including" means "without limitation", and the words "herein", "hereof" and "hereunder" refer to this Agreement as a whole. All dollar amounts stated herein are in United States currency.

(b) Capitalized Terms.

All capitalized terms shall have the defined meaning set forth below:

"Abandonment Notice Period" shall have the meaning given to that term in Section 7(l)(iii).

"Abandonment Segment" shall have the meaning given to that term in Section 7(l)(i).

REDACTED

“Agreement” shall have the meaning given to that term in the introductory paragraph.

“AAR” shall have the meaning given to that term in Section 6(c).

“Cars” means each loaded or empty railroad freight car (including platform and well rail cars) or similar equipment.

“Clearance File” shall have the meaning given to that term in Section 6(d).

“Dallas Intermodal Terminal Traffic” means all domestic intermodal containers or trailers with an origin and destination in the United States, with a lift or drop at the Terminal, that moves over the Subject Trackage and over KCSR’s tracks between Shreveport and the Terminal, and that originates or terminates at or east of Meridian, and that originates or terminates at or west of the Dallas / Ft. Worth, TX. Standard Metropolitan Statistical Area (SMSA) as published by the Office of Management and Budget (OMB).

“Dallas Terminal Marketing Agreement” shall mean that certain Dallas Terminal Marketing Agreement dated the date hereof by and between NSR and KCSR.

“Designated Operator” shall have the meaning given to that term in the Recitals.

“End Points” shall mean: (1) Meridian, MS, M.P. 0.0; and (2) Shreveport, LA, M.P. V-169.85.

“Effective Date” shall have the meaning given to that term in Section 7(f)(i).

“EOTs” shall have the meaning given to that term in Section 2(b)(iii).

“Equipment” shall mean and be confined to hi-rail vehicles, track inspection equipment and other non-revenue vehicles and machinery (other than locomotives) capable of being operated on railroad tracks that, at the time of an occurrence, are (i) being operated on the trackage upon which such occurrence takes place, or (ii) are on the trackage upon which such occurrence takes place, or on the adjoining right-of-way, for the purpose of maintenance or repair thereof or the clearing of wrecks thereon.

“Exercise Notice” shall have the meaning given to that term in Section 7(l)(iii).

“FMV” shall have the meaning given to that term in Section 7(l)(iii).

“Foreign Railroad” shall mean a railroad that is not a party to this Agreement.

“Foreign Railroad Interchange Agreement” shall have the meaning given to that term in Section 3(c).

“GTMs” shall have the meaning given to that term in Appendix B, Section 1.A.

“Jackson Trackage Rights Section” shall have the meaning given to that term in the Recitals.

REDACTED

“Jackson Flyover” shall have the meaning given to that term in the Recitals.

“JOC” shall have the meaning given to that term in Section 6(a)(ii).

“KCSR Cars” shall mean Cars and Equipment in the revenue and/or car hire account of KCSR.

“KCSR Haulage Cars” shall mean KCSR Cars being transported pursuant to KCSR Haulage Rights.

“KCSR Haulage Rights” shall have the meaning given to that term in Section 2(a).

“KCSR” shall have the meaning given to that term in the introductory paragraph.

“KCSR Master Locomotive Run Through Agreement” shall have the meaning given to that term in Section 2(b)(ii).

“KCSR Permitted Traffic” shall have the meaning given to that term in Section 4(a).

“KCSR Trackage and Haulage Rights” shall mean those rights granted in Sections 2(a) and 2(b) of this Agreement.

“KCSR Trackage Rights” shall have the meaning given to that term in Section 2(a).

“KCSR Trackage Rights Cars” shall mean KCSR Cars and Equipment transported pursuant to KCSR Trackage Rights.

“Management Committee” shall mean the Management Committee of MSLLC as provided in the LLC Agreement.

“Master KCS-MSLLC Interchange Agreement” shall have the meaning given to that term in the Recitals.

“Meridian Interchange Agreement” shall have the meaning given to that term in the Recitals.

“Monthly Statement” shall have the meaning given to that term in Section 7(b)(i).

“MSR Trackage Rights Agreement” shall have the meaning given to that term in the Recitals.

“MSLLC” shall have the meaning given to that term in the introductory paragraph.

“NS Traffic” shall mean all intermodal traffic that: (i) originates or terminates in the United States west of Dallas/Ft. Worth (including intermodal traffic originating by steamship line at a port along the west coast of the United States) and enters or exits the Subject Trackage at Shreveport; and (ii) originates or terminates in the United States at or east of Meridian and enters or exits the Subject Trackage at Meridian; and (iii) does not consist of traffic originating or terminating at any station on the KCSR system which includes the Texas Mexican Railway

REDACTED

Company, (including any station where KCSR, or the Texas Mexican Railway Company have trackage rights or access via reciprocal switch), as it exists on the date of the Transaction Agreement.

“NSC” shall have the meaning given to that term in the Recitals.

“NSR” shall have the meaning given to that term in the introductory paragraph.

“NSR Cars” shall mean Cars and Equipment in the revenue and/or car hire account of NSR.

“NSR Haulage Cars” shall mean NSR Cars being transported pursuant to haulage rights granted in the NSR Joint Use Agreement.

“NSR Joint Use Agreement” shall meaning an agreement of even date herewith by which MSLLC grants NSR certain trackage and haulage rights to transport NS Traffic.

“Operating Agreement” shall have the meaning given to that term in the Recitals.

“Parties” shall have the meaning given to that term in the introductory paragraph.

“Party” shall have the meaning given to that term in the introductory paragraph.

“Permitted Transfer” shall have the meaning given to that term in the Transaction Agreement.

“Subject Trackage” shall mean the certain lines of railroad generally running between Meridian, MS and Shreveport, LA as defined in the Transaction Agreement, together with the Jackson Flyover, as hereinafter defined, when constructed, and a bridge over the Mississippi River at Vicksburg.

“Third Party Traffic” shall mean freight rail service provided for a Foreign Railroad under a haulage or trackage rights agreement between MSLLC and the Foreign Railroad.

“Transaction Agreement” shall have the meaning given to that term in the Recitals.

“UP” shall mean the Union Pacific Railroad Company or any of its subsidiaries.

“Use Invoice” shall have the meaning given to that term in Section 7(b)(i).

“Waiver Notice” shall have the meaning given to that term in Section 7(l)(v).

(c) Successor Laws.

A reference to any particular statute or regulation shall include a reference to any successor statute or regulation.

SECTION 2. OPERATING RIGHTS

REDACTED

(a) Trackage Rights.

Pursuant to the Transaction Agreement and subject to the terms set forth in this Agreement, MSLLC hereby grants KCSR Trackage Rights for KCSR to transport KCSR Permitted Traffic over the Subject Trackage, excluding the Jackson Trackage Rights Section, and to fulfill its common carrier obligations with respect to KCSR Permitted Traffic (the "KCSR Trackage Rights"). These rights include, but are not limited to, the right to operate its trains, locomotives, cars, and Equipment with its own crews over the entirety of the Subject Trackage excluding the Jackson Trackage Rights Section. KCSR's use of its KCSR Trackage Rights shall be subject to the limitations and restrictions set forth in this Section 2(a), Section 2(c) and Section 2(d). KCSR Trackage Rights Cars shall at all times remain in the revenue waybill and car hire accounts of KCSR while moving over the Subject Trackage.

(b) Grant of Haulage Rights.

Pursuant to the Transaction Agreement and consistent with the terms of this Agreement, MSLLC hereby grants KCSR Haulage Rights solely for the purpose of transporting KCSR Permitted Traffic over the Jackson Trackage Rights Section, connective only with the KCSR Trackage Rights ("KCSR Haulage Rights"), should the MSR Trackage Rights Agreement be assigned to MSLLC. KCSR's use of its KCSR Haulage Rights shall be subject to the limitations and restrictions set forth in this Section 2(b), Section 2(c) and Section 2(d).

(i) KCSR Haulage Cars shall at all times remain in the revenue waybill and car hire accounts of KCSR while moving over the Jackson Trackage Rights Section via the KCSR Haulage Rights. MSLLC shall not be entitled to any line haul revenue for the handling of KCSR Haulage Cars, nor shall MSLLC participate in the routing of, nor appear in tariffs, waybills or other shipping documents as a participating carrier in connection with, the movement of KCSR Haulage Cars.

(ii) The Parties will execute an agreement (the "KCSR Master Locomotive Run Through Agreement") consistent with, and with terms materially identical to, the Supplemental Agreement dated May 11, 2000, to the Master Locomotive Run Through Agreement of November 29, 1994. The KCSR shall be responsible for providing any equipment (locomotives, cars, end of train units ("EOTs"), etc.), and fuel for the trains used in providing the KCSR Haulage Rights. Locomotives on trains providing the KCSR Haulage Rights shall be governed by the KCSR Master Locomotive Run Through Agreement.

(c) Use Of The Subject Trackage.

(i) KCSR's use of Subject Trackage shall be in common with MSLLC, and, other than as explicitly set forth herein, MSLLC's right to use the Subject Trackage shall not be diminished by this Agreement.

(ii) KCSR may operate trains in either direction over the Subject Trackage.

(iii) KCSR may use its KCSR Trackage and Haulage Rights solely for the purposes of the movement of KCSR Permitted Traffic.

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(iv) The KCSR Trackage and Haulage Rights shall be for the purpose of KCSR using the Subject Trackage to operate its trains in overhead and local movements, including, where applicable, the right of ingress and egress to any tracks, switches, turnouts, or other track classifications that connect to any point along the Subject Trackage.

(v) KCSR Trackage and Haulage Rights include the right to serve all existing or future shippers and receivers, including any transload operations, ports, industrial facilities or facilities of any type, that connect to (or are located on, at, along, or near) the Subject Trackage.

(vi) Subject to Section 3 and except as they may otherwise be restricted by the MSR Trackage Rights Agreement, KCSR may use the KCSR Trackage and Haulage Rights to interchange with any railroad at any location along the Subject Trackage, whether or not such a railroad is a private or common carrier that connects to the Subject Trackage.

(vii) KCSR shall have the right to use the Subject Trackage for the purpose of switching, storing, and servicing Cars, locomotives and Equipment, and for the making or breaking up of trains in order to conduct its railroad operations.

(viii) KCSR shall have the right to establish rates, charges, service terms, routes, and divisions, and to collect freight revenues or other transportation charges relating to KCSR Permitted Traffic transported over all or any portion of the Subject Trackage.

(d) Restrictions on Use.

(i) KCSR shall not use the KCSR Trackage and Haulage Rights for the movement of NS Traffic or Third Party Traffic, and KCSR may not move traffic over the Subject Trackage in the account of any railroad other than KCSR.

(ii) KCSR may not, pursuant to this Agreement, grant haulage rights, trackage rights, or other operating rights of any nature on or over the Subject Trackage to any other party.

SECTION 3. INTERCHANGE

From time to time MSLLC and KCSR shall consult as to the various interchange locations for the delivery and receipt of traffic, if any, being physically transferred between KCSR, MSLLC, and a Foreign Railroad. Unless otherwise mutually agreed, interchange operations shall be governed as follows:

(a) Interchange Between KCSR and MSLLC

Interchange operations between and among KCSR and MSLLC shall be governed by the terms of the Master KCS-MSLLC Interchange Agreement.

(b) Interchange Between KCSR and NSR

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Interchange operations between and among KCSR and NSR shall be governed by the terms of the Meridian Interchange Agreement.

(c) Interchange With A Foreign Railroad

Interchange operations between KCSR and a Foreign Railroad shall be governed by the terms of the relevant interchange agreement between KCSR and said Foreign Railroad ("Foreign Railroad Interchange Agreement"), which may not be inconsistent with this Agreement.

(d) Continuous Movement

Nothing herein shall be interpreted as prohibiting the Designated Operator from transporting KCSR Haulage Cars over the Jackson Trackage Rights Section in a continuous movement with KCSR operating over the Subject Trackage via the KCSR Trackage Rights.

SECTION 4. PERMITTED SERVICE

(a) KCSR Permitted Traffic.

KCSR Permitted Traffic shall consist of all commodities transported to and from all origins and destinations other than NS Traffic or Third Party Traffic, except that KCSR may not move traffic over the Subject Trackage or the Jackson Trackage Rights Section in the account of any railroad other than KCSR.

(b) Dallas Intermodal Terminal Traffic

As KCSR Permitted Traffic, KCSR shall have the exclusive right to transport Dallas Intermodal Terminal Traffic over the Subject Trackage, except as provided in, and subject to, the Dallas Terminal Marketing Agreement.

(c) MSLLC's Retained Rights

(i) MSLLC may perform haulage services for, or provide trackage rights or operating right to, NSR or a Foreign Railroad provided the traffic moved for that carrier remains in that other carrier's revenue waybill account.

(ii) Notwithstanding the foregoing Section 4(c)(i), for NS Traffic only, MSLLC may not perform haulage services for any carrier other than NSR or grant trackage rights or operating rights to KCSR or any Foreign Railroad on the Subject Trackage for NS Traffic, absent the express written consent of NSR, which may be withheld in NSR's sole discretion.

(d) Rebilling.

It is the intent of the Parties that rebilling of traffic is not a permissible method of avoiding any direct traffic limitation, including those set forth in Section 4(a), or imposition of charges for services set forth herein.

SECTION 5. INFRASTRUCTURE

(a) Maintenance.

(i) MSLLC shall be solely responsible for the maintenance, repair, and renewal of the Subject Trackage. MSLLC shall keep and maintain the Subject Trackage in reasonably good condition for the use herein contemplated, but MSLLC does not guarantee the condition of the Subject Trackage or that operations thereover will not be interrupted. MSLLC shall take reasonable steps to ensure that any interruptions will be kept to a minimum and shall use commercially reasonable efforts to avoid such interruptions.

(ii) Existing connections or facilities shall continue to be maintained, repaired, and renewed by and at the expense of the party or parties responsible for such maintenance, repair, and renewal under applicable agreements.

(iii) Notwithstanding anything to the contrary herein, MSLLC shall maintain the main line of the Subject Trackage to a minimum of FRA Class 3 standards, capable of handling cars of 286,000 lbs.

SECTION 6. MANAGEMENT AND OPERATIONS

(a) Dispatching

(i) The Designated Operator shall have exclusive control over the management and dispatching of the Subject Trackage. Dispatching of the Subject Trackage shall be conducted in a manner as to afford each of the Parties, and any other present or future user of the Subject Trackage (or any portion thereof) the most economical and efficient movement of its traffic over the Subject Trackage consistent with the demands and needs of other authorized users.

(ii) Although the Designated Operator will be the dispatcher, the Joint Operating Committee ("JOC"), subject to the direction of the Management Committee, will develop and implement appropriate dispatching protocols and adjust those protocols from time to time as necessary to carry out this Agreement. In dispatching the Subject Trackage, the Designated Operator shall follow any protocols developed by the JOC, provided, that in the event of a conflict between the dispatching protocols and the need to economically and efficiently move the traffic over the Subject Trackage, the dispatcher shall be empowered to employ best practices to efficiently move all trains consistent with the principles of this Agreement.

(b) Capacity Rights

Notwithstanding any other provisions of this Agreement, the Parties acknowledge that there may be capacity constraints from time to time for traffic covered under this Agreement. Whenever capacity of the Subject Trackage is insufficient to handle the total traffic demands of KCSR and NSR, the following capacity allocation rules shall apply:

(i) Prior to the start of the calendar year following the earlier of (a) completion of the spending of the Capital Proceeds as defined in the Transaction Agreement; or (b) the fourth anniversary of the Closing as defined in the Transaction Agreement, KCSR and NSR will each have a minimum of five (5) daily overhead train starts over the Subject Trackage. For purposes of determining capacity rights, NSR's train starts will include NS Traffic and Dallas Intermodal Terminal Traffic.

(ii) As incremental overhead train starts become available, KCSR acknowledges that NSR shall receive the first of every three (3) new daily overhead train starts, and NSR acknowledges that KCSR shall be allocated the second and third of every three (3) new daily overhead train starts. Following the start of the calendar year following the earlier of (a) completion of the spending of the Capital Proceeds as defined in the Transaction Agreement; or (b) the fourth anniversary of the Closing as defined in the Transaction Agreement, KCSR acknowledges that NSR will have a minimum of thirteen (13) daily overhead train starts. If through this allocation process NSR does not have at least thirteen (13) daily overhead train starts, then KCSR agrees to relinquish such train starts as needed to provide NSR with thirteen (13) daily overhead train starts.

(iii) NSR acknowledges that, after providing for NSR's minimum guarantee of thirteen (13) daily overhead train starts, KCSR shall receive all additional incremental daily overhead train starts until KCSR has a total of twenty-one (21) daily overhead train starts. Thereafter, KCSR acknowledges that NSR shall be allocated the first of every three (3) additional new incremental daily overhead train starts, and NSR acknowledges that the second and third of every three (3) new daily overhead train starts shall be allocated to KCSR.

(iv) If the Foreign Railroad fails to supply all necessary capital required to accommodate its new train start, KCSR acknowledges and agrees that the first new daily train start of any Foreign Railroad admitted to the Subject Trackage by MSLLC shall be considered to be a KCSR daily overhead train start for the purpose of the allocation of daily overhead trains starts of under these capacity allocation provisions. If the Foreign Railroad supplies all necessary capital required to accommodate its new train start, the Foreign Railroad's train start shall count against neither KCSR's nor NSR's train start allocation.

(c) Defective Or Overloaded Cars

KCSR or, as to movement of KCSR Cars over the Jackson Trackage Rights Segment, MSLLC may arrange for repairs to and adjustments to, or transfers of lading from bad ordered, defective or overloaded KCSR Cars, as in KCSR's or MSLLC's judgment, as the case may be, may be necessary to move such KCSR Cars safely. KCSR shall reimburse MSLLC for the cost of such work done by or on behalf of MSLLC at rates prescribed in, and submitted pursuant to, the Field and Office Manuals of the Interchange Rules of the Association of American Railroads ("AAR").

(d) Use Of A Clearance File

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KCSR shall have the right to operate all dimensional loads and excess clearance railcars for handling over the Subject Trackage, subject to a clearance file (the "Clearance File") applicable to traffic of NSR, KCSR, and MSLLC maintained by MSLLC. MSLLC shall promptly inform KCSR of any changes made to the Clearance File.

(e) Radio Communication

KCSR locomotives and crews operating over the Subject Trackage shall be equipped to communicate with the Designated Operator on radio frequencies normally used by the Designated Operator in directing train movements on the Subject Trackage.

(f) Safety Rules

KCSR's operations over the Subject Trackage shall at all times be subject to the direction and control of the operating officer in charge of the Subject Trackage and comply in all respects with the safety rules, operating rules and other regulations of the Designated Operator.

(g) Training of KCSR Crews.

KCSR shall make such arrangements with MSLLC as may be required to have all of its employees who shall operate its trains, locomotives, cars and Equipment over the Subject Trackage qualified for operation thereover. MSLLC shall provide reasonable cooperation and assistance in the qualification of KCSR operating (train and engine) crews for service over the Subject Trackage upon request. KCSR supervisory personnel who have been qualified to operate over the Subject Trackage may qualify other KCSR employees for operation of trains over the Subject Trackage.

(h) Modification of KCSR Train Schedules.

KCSR shall provide the Designated Operator reasonable notice of the schedules for regularly scheduled KCSR trains operating over the Subject Trackage, as well as any proposed modifications, and shall coordinate train operations with the Designated Operator and its dispatcher.

(i) Compensation.

KCSR shall compensate MSLLC for the use of the Subject Trackage pursuant to this Section 6 in accordance with Appendix B – Compensation.

(j) Mileage and Car Hire.

All mileage and car hire charges accruing on KCSR Cars on the Subject Trackage and the Jackson Trackage Rights Segment shall be assumed by KCSR and reported and paid by it directly.

SECTION 7. GENERALLY APPLICABLE PROVISIONS

(a) Compliance with Applicable Law and Rules.

(i) Each Party hereto shall comply with all applicable and lawful federal, state and local laws, rules, regulations and orders promulgated by any Governmental Entity that relate to the operations contemplated hereunder, including but not limited to the provisions of the Federal Locomotive Inspection Act and the Federal Safety Appliance Act, as amended, and any other lawful federal and state and local laws, regulations and rules respecting the operation, condition, inspection and safety of its trains, locomotives, cars and Equipment while such trains, locomotives, cars, and Equipment are being operated over the Route. If any fine, penalty, cost, or charge is imposed or assessed on or against either Party hereto by reason of the other Party's non-compliance with any such laws, rules, regulations or orders, such non-complying Party shall reimburse and indemnify the other Party for or on account of any such fine, penalty, cost or charge, and all expenses and attorneys fees incurred. As a part of the consideration hereof, each Party hereby agrees that the indemnity commitments in this Section in favor of the other Party hereto shall extend to and indemnify the parent corporation, subsidiaries and affiliates of such other Party, and all of their respective directors, officers, agents and employees.

(ii) KCSR's trains shall not include locomotives, cars or Equipment which exceed the width, height, weight or other restrictions or capacities of the Subject Trackage as contained in the Clearance File maintained by MSLLC, and no train shall contain locomotives, cars or Equipment which require speed restrictions or other movement restrictions below the maximum authorized freight speeds as provided by the Designated Operator's operating rules and regulations, without the prior consent of MSLLC. The JOC shall make proper accommodation for exceptions, should that be reasonable, necessary, and practicable. All KCSR trains shall be operated by locomotives with horsepower sufficient to permit operation at posted speeds.

(iii) If any employee of KCSR shall neglect, refuse, or fail to abide by MSLLC's rules, instructions and restrictions governing the operation on or along MSLLC's property, such employee shall, upon written request of MSLLC, be prohibited by KCSR from working on MSLLC's property. If any party shall deem it necessary to hold a formal investigation to establish such neglect, refusal, or failure on the part of any employee of KCSR, then upon such notice presented in writing, KCSR shall promptly hold an investigation in which all parties concerned shall participate, with each party bearing the expense for its officers', counsel's, witnesses' and employees' participation. Notice of such investigations to KCSR's employees shall be given by KCSR's officers, and such investigation shall be conducted in accordance with the terms and conditions of schedule agreements between KCSR and its employees. If the result of such investigation warrants, such employee shall, upon written request by MSLLC, be withdrawn by KCSR from service on MSLLC's property and KCSR shall release and indemnify MSLLC from and against any and all claims and expenses because of such withdrawal.

(b) Invoices and Payment of Bills.

(i) On or before the 15th day of each calendar month during the term of this Agreement, KCSR shall prepare and deliver to MSLLC a monthly statement (the "Monthly Statement"). The Monthly Statement shall be delivered to MSLLC's designee

in electronic format. MSLLC shall develop and present to KCSR an invoice (the "Use Invoice"). That Monthly Statement shall be in electronic format, and shall contain a detailed list of the KCSR Cars that moved during the subject month, which list shall include, for each Car, the following information: (A) the GTMs and, when applicable, the resistance miles; (B) the location that the Car entered the Subject Trackage; (C) the location that the Car exited the Subject Trackage; and (D) such other information relating to the cars that MSLLC may reasonably request in connection with accounting for the use of the services and rights provided hereunder. The Monthly Statement and the Use Invoice shall be delivered to KCSR and KCSR shall make payment to MSLLC within thirty (30) days after the date of such Use Invoice.

(ii) Any dispute regarding the amount of a Monthly Statement or Use Invoice shall be reconciled between the Parties pursuant to Section 7(i), and any adjustment resulting from such reconciliation shall be reflected in a subsequent Use Invoice. If KCSR disputes any portion of a Use Invoice, it shall nevertheless pay such Use Invoice in full subject to adjustment upon resolution of the dispute; provided, however, that (i) no exception to any charge in a Use Invoice shall be honored, recognized or considered if filed after the expiration of three (3) years from the date of the Use Invoice, and (ii) no invoice shall be rendered more than three (3) years (a) after the last day of the calendar month in which the expense covered thereby is incurred, or (b) in the case of charges disputed as to amount or liability, after the amount owed or liability therefor is established. Any claim for the adjustment of a Monthly Statement or Use Invoice shall be deemed to be waived if not made in writing within three (3) years after the date of the relevant Monthly Statement for statement adjustments and the date of the relevant Use Invoice for invoice adjustments.

(iii) NSR, MSLLC and KCSR shall each have the right, at its own expense, to audit the records of the other Party pertaining to the use of the Subject Trackage and the Jackson Trackage Rights Section under this Agreement, and any Monthly Statement, Use Invoice or other invoice issued by MSLLC pursuant to this Agreement, provided such audit is initiated at any time within three (3) years of the date of the relevant Use Invoice or other invoice (as applicable) relating to this Agreement. All such audits shall be conducted at reasonable intervals, locations, and times. All such audits shall be prosecuted with reasonable due diligence. Each Party agrees that all information disclosed to it or its representatives in connection with such an audit will be held in strictest confidence and will not be disclosed to any third party (other than to an arbitrator in connection with an arbitration conducted pursuant this Agreement or as required by applicable law). Any adjustment resulting from an audit conducted pursuant to this Section 7(b)(iii) with respect to which the Parties are in concurrence shall be reflected in a subsequent Use Invoice.

(iv) Invoices rendered pursuant to the provisions of this Agreement, other than Use Invoices, shall include direct labor and material costs, together with the surcharges, overhead percentages, and Equipment rentals as specified by MSLLC at the time any work is performed by MSLLC for KCSR, or shall include actual costs and expenses, upon mutual agreement of the Parties.

(c) Liability.

As between the Parties hereto, responsibility for any loss or destruction of, or damage to, any property whatsoever, and any injury to or death of any person or persons whomever (including employees of KCSR or MSLLC) or other matters covered by the Uniform Liability Agreement, resulting from, arising out of, incidental to or occurring in connection with this Agreement shall be allocated as is set forth in the Unified Liability Agreement.

(d) Rerailing, Wrecking, Bad Orders and Repairs.

(i) Whenever one or more cars and/or locomotives in KCSR haulage service requires rerailing, wrecking service or wrecking train service, MSLLC shall arrange for the provision of such service, including the repair and restoration of roadbed, the Subject Trackage and structures. MSLLC shall promptly inform KCSR of its intent to proceed with wrecking service or wrecking train service, and shall permit a KCSR representative to be present on the scene, to work in concert with the employees of its Designated Operator to manage such wrecking service or wrecking train service. The cost, liability and expense of the foregoing, including without limitation loss of, damage to, or destruction of any property whatsoever and injury to and death of any person or persons whomsoever or any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, resulting therefrom shall be apportioned in accordance with the provisions of Section 7(c) hereof. All locomotives, cars, Equipment and salvage from the same so picked up and removed which is owned by or under the management and control of or used by KCSR at the time of such wreck, shall be promptly delivered to it.

(ii) Whenever one or more cars and/or locomotives in KCSR Trackage Rights service requires rerailing, wrecking service or wrecking train service, KCSR shall arrange for the provision of such service, including the repair and restoration of roadbed, the Subject Trackage and structures. KCSR shall promptly inform MSLLC of its intent to proceed with wrecking service or wrecking train service, and shall permit a MSLLC representative to be present on the scene, to work in concert with the employees of the Designated Operator to manage such wrecking service or wrecking train service. The cost, liability and expense of the foregoing, including without limitation loss of, damage to, or destruction of any property whatsoever and injury to and death of any person or persons whomsoever or any damage to or destruction of the environment whatsoever, including without limitation land, air, water, wildlife, and vegetation, resulting therefrom shall be apportioned in accordance with the provisions of Section 7(c) hereof. All locomotives, cars, Equipment, and salvage from the same so picked up and removed which is owned by or under the management and control of or used by KCSR at the time of such wreck, shall be the responsibility of KCSR.

(iii) If any cars or locomotives of KCSR are bad ordered en route on the Subject Trackage and it is necessary that they be set out, those cars or locomotives shall, after being repaired, be picked up by KCSR after receiving proper authority from MSLLC, or if agreed upon by the parties, MSLLC will transport them to a mutually acceptable location to be picked up by KCSR. MSLLC may, upon request of KCSR and

at the expense of KCSR, unless otherwise provided for in the Field and Office Manuals of the Interchange Rules of the AAR, furnish required labor and material to perform light repairs required to make such bad ordered Cars or locomotives safe and lawful for movement, and billing for this work shall be at rates prescribed in, and submitted pursuant to, the Field and Office Manuals of the Interchange Rules of the AAR.

(e) Force Majeure.

The obligations, other than payment obligations, of the Parties to this Agreement shall be subject to force majeure (including flood, earthquake, hurricane, tornado, or other such severe weather or climatic condition, riot, accident, wreck, derailment, washout, explosion, Acts of God, act of terrorism and public enemy, war, blockage, insurrection, vandalism or sabotage, fire, strike, lockout or labor dispute, embargoes or AAR service orders, or governmental laws, orders or regulations, and other causes or circumstances beyond the control of the Party invoking such force majeure as an excuse for nonperformance), but only as long as, and to the extent that, such force majeure shall reasonably prevent performance of such obligations by the affected Party. In the event that an event of force majeure impairs either Party's ability to fulfill its obligations to the other Party under this Agreement, said Party shall take all commercially reasonable measures to restore performance of its obligations in a timely manner.

(f) Term and Termination.

(i) This Agreement shall become effective following the latter of: (a) the date first written above; (b) receipt of any required regulatory approvals or exemptions; and (c) the expiration of any time periods required by the issuance of labor notices by KCSR and/or MSLLC, should such labor notices be required ("Effective Date"). The Parties shall determine the Effective Date through an exchange of written correspondence.

(ii) This Agreement shall commence on the Effective Date and shall continue until terminated by mutual agreement.

(iii) Termination of this Agreement shall not relieve or release any Party hereto from any obligations assumed or from any liability which may have arisen or been incurred by such Party under the terms of this Agreement prior to termination hereof, nor shall it terminate any underlying right, or contingent right, of movement pursuant to the trackage rights grant.

(g) Successors and Assigns.

(i) This Agreement shall inure to the benefit of and be binding upon each of the Parties and their respective successors and permitted assigns. Third party beneficiary status shall inure to the benefit of NSR and each of its successors and permitted assigns.

(ii) Except as otherwise specifically provided hereinafter, neither Party may assign this Agreement, or any of its rights, interests or obligations hereunder, including by operation of law, without the prior consent in writing of the other Party, which consent may be withheld at the discretion of such other Party.

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(iii) In the event of a sale of substantially all of the assets or business of KCSR, or the merger or consolidation of KCSR into or with a firm or corporation not controlled by KCS, KCSR may, without the prior consent of MSLLC, assign this Agreement to such firm or corporation acquiring substantially all of the assets or business of KCSR, or merging or consolidating with KCSR; provided, however, that such assignment shall not transfer or extinguish any liability or obligation of KCSR under this Agreement that existed prior to such assignment.

(iv) In the event of a sale of substantially all of the assets or business of MSLLC, or the merger or consolidation of MSLLC, MSLLC may, without the prior consent of KCSR, assign this Agreement to such firm or corporation acquiring substantially all of the assets or business of MSLLC, or merging or consolidating with MSLLC; provided, however, that such assignment shall not transfer or extinguish any liability or obligation of MSLLC under this Agreement that existed prior to such assignment.

(h) Notice.

Any notice required or permitted to be given by one Party to the other Party under this Agreement shall be deemed given on the date sent by certified mail, or by such other means as the Parties may mutually agree, and shall be addressed as follows:

(i) If to KCSR:

Chief Operating Officer
The Kansas City Southern Railway Company
P.O. Box 219335
Kansas City, MO 64121-9335

with a copy to:

Senior Vice President and General Counsel
The Kansas City Southern Railway Company
P.O. Box 219335
Kansas City, MO 64121-9335

(ii) If to MSLLC:

Chief Operating Officer
The Kansas City Southern Railway Company
P.O. Box 219335
Kansas City, MO 64121-9335

Executive Vice President Operations
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191

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with a copy to:

Senior Vice President and General Counsel
The Kansas City Southern Railway Company
P.O. Box 219335
Kansas City, MO 64121-9335

Senior Director – Joint Facilities
Norfolk Southern Corporation
1200 Peachtree Street, N.E., Box 158
Atlanta, Georgia 30309

(iii) If to NSR:

Executive Vice President Operations
Norfolk Southern Corporation
Three Commercial Place
Norfolk, Virginia 23510-2191

with a copy to:

Senior Director – Joint Facilities
Norfolk Southern Corporation
1200 Peachtree Street, N.E., Box 158
Atlanta, Georgia 30309

Either Party may provide notice of changes in the above addressees to the other Party by personal service or certified mail.

(i) Arbitration.

(i) Any dispute arising between the Parties with respect to an alleged breach of this Agreement shall be referred to the JOC for resolution and if the JOC is unable to resolve the dispute, it shall be referred to the Management Committee, provided however, that any Member (as defined in the LLC Agreement) may submit the dispute for binding arbitration by a panel of three independent arbitrators before the American Arbitration Association under the Commercial Arbitration Rules, who shall render a written decision on the controversy. The written decision of the arbitrators, reached upon a majority vote, shall be final and conclusive upon the Parties. Each Party to the arbitration shall pay the compensation, costs, fees, and expenses of its own witnesses, experts, and counsel. The compensation, costs, and expenses of the three arbitrators, if any, shall be borne by KCSR and MSLLC, with each paying 50 percent of such compensation, costs, and expenses. The arbitrators shall not have the power to award consequential or punitive damages or to determine violations of criminal or antitrust laws. Pending the written decision of the arbitrators, there shall be no interruption in the transaction of business under this Agreement, and all payments in respect thereto shall be made in the same manner as prior to the arising of the dispute until the matter in dispute shall have been

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fully determined by arbitration, and thereupon such payment or restitution shall be made as required by the written decision of the arbitrators.

(ii) As a third party beneficiary, NSR may initiate and prosecute arbitration pursuant to Section 7(i)(i) on behalf of MSLLC. MSLLC shall cooperate with NSR in the preparation for, and the initiation and prosecution of, such arbitration, at NSR's expense.

(j) Confidentiality.

(i) Except as provided by law or by rule, order, or regulation of any court or regulatory agency with jurisdiction over the subject matter of this Agreement, or in connection with an audit by the Internal Revenue Service or other tax authority, or as may be necessary or appropriate for a Party hereto to enforce its rights under this Agreement, during the term of this Agreement (including any extensions thereof), and for a period of three (3) years after termination or expiration of this Agreement, the terms and provisions of this Agreement and all information to which access is provided or which is obtained hereunder will be kept confidential and will not be disclosed by either Party to any person other than members, officers, employees, independent auditors, and attorneys, without the prior written approval of the other Party.

(ii) Notwithstanding the foregoing Section 7(j)(i), the Parties acknowledge and agree that in any STB proceeding, the Parties may be required to submit this Agreement into the record. The Parties will seek a protective order to protect the payment provisions of this Agreement. Following issuance of a protective order, a copy (with certain confidential provisions redacted) may be entered into the public STB record and a highly confidential unredacted copy of this Agreement may be entered into the STB record subject to the provisions of the applicable protective order.

(k) Claims.

The Parties shall agree between themselves on the fairest, practical, and efficient arrangements for handling and administering freight loss and damage Claims. Such arrangements, and the allocation of responsibility for such Claims, shall be subject to the provisions of the Unified Liability Agreement.

(l) Abandonment.

(i) MSLLC shall have the right, subject to securing any necessary regulatory approval or exemption, to abandon or discontinue service on the Subject Trackage or any portion thereof (the "Abandonment Segment") during the term of this Agreement. MSLLC shall provide KCSR no less than ninety (90) days prior notice of its intention to seek to abandon or discontinue service over any Abandonment Segment.

(ii) If MSLLC elects to abandon or discontinue service over the Subject Trackage (or any portion thereof) pursuant to Section 7(l)(i), this Agreement shall continue to apply in all respects to any remaining portion of the Subject Trackage not abandoned or subject to discontinuance by MSLLC.

(iii) MSLLC shall, not less than 60 days prior to any submission to the Surface Transportation Board (or successor agency having jurisdiction over said abandonment or discontinuance) of an application or exemption for authority to abandon or discontinue service over an Abandonment Segment(s), first offer NSR the first right to purchase such Abandonment Segment(s) in accordance with provisions of Section 7(l) of the NSR Joint Use Agreement. In the event NSR determines not to exercise its rights to purchase the Abandonment Segment(s), MSLLC shall then offer KCSR the right to purchase such Abandonment Segment(s) for the fair market value ("FMV"), and on such terms and conditions as are customary with respect to line sales, which such notice shall specifically identify this Section 7(l) and the time periods for action hereunder. NSR shall have forty-five (45) days ("Abandonment Notice Period") within which to advise MSLLC that it will exercise its right to purchase ("Exercise Notice"). If the Parties are unable to agree upon the FMV of the Abandonment Segment(s) that KCSR wishes to purchase, either Party may refer the issue to arbitration pursuant to Section 7(i), which arbitration shall determine all other issues relating to terms and conditions for the sale not then (at the time of the initiation of the arbitration) agreed to by the Parties.

(iv) The Parties shall consummate the sale contemplated by this Section 7(l) within forty-five (45) days of the latest of: (a) the rendering of a written arbitration decision, should issues related to the sale proceed to arbitration; (b) the execution of a purchase and sale agreement, should the Parties execute the same; and (c) the grant of authority, or exemption from the need to obtain a grant of authority, from any regulatory body having jurisdiction over the same.

(v) If KCSR elects not to purchase the Abandonment Segment, it shall so advise MSLLC within the same forty-five (45) day Abandonment Notice Period by delivering to MSLLC a notice of waiver of right to purchase said segment ("Waiver Notice"). Failure of KCSR to provide MSLLC with either an Exercise Notice or a Waiver Notice within the aforesaid forty-five (45) day period shall constitute a Waiver Notice.

(vi) In the event of a Waiver Notice and NSR does not purchase the Abandonment Segment pursuant to its rights in this Agreement, MSLLC shall promptly file such application, petition or exemption notice as may then be required to obtain regulatory authority or exemption for the Abandonment Segment and for the discontinuance of KCSR's and NSR's (if any) trackage rights over the Abandonment Segment.

(m) MSLLC Liability.

For the purposes of this Agreement, MSLLC shall be liable for the actions and omissions of its Designated Operator for the performance of its duties as such as if such actions or omissions were those of MSLLC.

(n) Miscellaneous Provisions.

(i) This Agreement and each and every provision hereof is for the exclusive

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benefit of the Parties hereto. Nothing herein contained shall be taken as creating or increasing any right of any third party to recover by way of damages or otherwise against any of the Parties hereto.

(ii) This Agreement contains the entire understanding of the Parties hereto with respect to the subject matter hereof and supersedes any and all oral understandings between the Parties.

(iii) No term or provision of this Agreement may be changed, waived, discharged, or terminated except by an instrument in writing and signed by all Parties.

(iv) The division of this Agreement into articles, sections, and subsections and the insertion of headings and references are for convenience of reference only, and shall not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, all references to articles, sections or subsections are to articles, sections or subsections of this Agreement.

(v) This Agreement is the result of mutual negotiations between the Parties hereto, neither of whom shall be considered the drafter for purposes of contract construction.

(vi) No consent or waiver, expressed or implied, by a Party of any breach or default by the other Party in the performance by such other Party of its obligations hereunder shall be deemed or construed to be a consent to or waiver of any other breach or default in the performance hereunder by such other Party. Failure on the part of a Party to complain of any act or failure of the other Party or to declare the other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such first mentioned Party of its rights hereunder.

(vii) If any provision of this Agreement or the application thereof to any Party hereto or to any circumstance shall be determined by a court of competent jurisdiction to be invalid or unenforceable to any extent or for any reason, the remainder of this Agreement or the application of the provisions thereof to such Party or circumstance, other than those determined to be invalid or unenforceable, shall not be affected thereby and shall be enforced to the fullest extent permitted by law, and the Parties shall promptly enter into such other agreement(s) as their respective legal counsel may deem appropriate in order to replace such invalid or unenforceable provisions in a manner that produces a result which is substantially equivalent to the terms of this Agreement in all material respects.

(viii) Nothing herein shall be interpreted as creating an association, partnership, joint venture or other joint undertaking between MSLLC and KCSR.

(ix) This Agreement shall be governed and interpreted in accordance with the laws of the State of Delaware, without regard to application of the choice of law principles thereof.

REDACTED

(x) This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute but one and the same instrument.

REDACTED

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed as of the date first above written.

WITNESS:

MERIDIAN SPEEDWAY LLC

By: _____

As to MSLLC.

WITNESS:

NORFOLK SOUTHERN RAILWAY COMPANY

By: _____

As to NSR

WITNESS:

KANSAS CITY SOUTHERN

By: _____

As to KCS

WITNESS:

THE KANSAS CITY SOUTHERN RAILWAY
COMPANY

By: _____

As to KCSR

REDACTED

INDEX TO APPENDICES

APPENDIX A.	[Intentionally Omitted]
APPENDIX B.	COMPENSATION

APPENDIX B – COMPENSATION

Section 1. Compensation for KCS Traffic

A. KCSR shall compensate MSLLC based upon [

].

B. As soon as practical after the end of each calendar quarter during the term of this Agreement, MSLLC shall prepare a statement setting forth the following:

[

]

From this information, an invoice will be prepared and delivered to KCSR specifying the compensation KCSR shall pay to MSLLC for use of the Subject Trackage for that time period. KCSR shall make payment to MSLLC within thirty (30) days after date of such invoice.

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

FINANCE DOCKET NO. 34823

**THE KANSAS CITY SOUTHERN RAILWAY COMPANY
--TRACKAGE RIGHTS EXEMPTION--
MERIDIAN SPEEDWAY, LLC**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1180.2(d)(7)**

**SECTION 1180.4(g)(2)(i)
CAPTION SUMMARY**

EXHIBIT 3

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 34823

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
--TRACKAGE RIGHTS EXEMPTION--
MERIDIAN SPEEDWAY, LLC

Meridian Speedway, LLC ("MSLLC") has agreed to grant overhead and local trackage rights to The Kansas City Southern Railway Company ("KCSR") between Milepost 0.0 at Meridian, MS and Milepost 95.26 in Jackson, MS, and between Milepost 95.7 in Jackson, MS and Milepost V-169.85 in Shreveport, LA, a total distance of approximately 320 miles (the "Line").

The trackage rights will allow KCSR to continue to provide local rail service to shippers located on the Line once ownership of the Line is transferred from KCSR to MSLLC. In addition, the trackage rights will allow KCSR to transport goods to and from shippers and other rail carriers between Shreveport, LA and Meridian, MS.

The trackage rights will be effective no sooner than January 24, 2006.

This Notice is filed pursuant to 49 C.F.R. § 1180.2(d)(7). Petitions to revoke the exemption under 49 U.S.C. § 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

Dated: _____

By the Board
Vernon A. Williams,
Secretary